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DIVISION OF PROPERTY TAXATION

JoAnn Groff
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TO: Colorado State Assessed Companies
Colorado County Assessors

FROM: JoAnn Groff

SUBJECT: 2008 Capitalization Rate Study – FINAL

DATE: April 11, 2008

MEMORANDUM

Attached is the Colorado Division of Property Taxation's 2008 FINAL state assessed properties capitalization rate study for your review. Should you have any questions, contact any member of the State Assessed Properties section.

Changes and corrections from the 2008 preliminary study for the 2008 Final Capitalization Rate Study are:

1. The median Capital Structure and Debt and Equity rates for each industry group is used to determine the capitalization rate for each industry except for the Airline Industry, Rural Telephone Companies, and Affiliated Power Producers.
2. The 2008 final Affiliated Power Producer (APPs) capitalization rate is **11.36%**. For 2008, we calculated the capitalization rate for APPs to be the midpoint of the major electric cap rate of 9.60% and the rate we determined a capitalization rate for merchant power producers that operate in more unregulated markets to be 13.10%. We believe that this midpoint fairly represents the relative risk that Colorado APPs have when they sell their power under purchase power agreements to the primary Colorado provider of power to the public.
3. A few cell reference errors and Value Line download errors were corrected and additional rating information added to various company listings in the study.
4. We have decided to continue with separate capitalization rates for each telecommunication category as listed below:
 - CLECs, Long Distance Providers, Fiber Companies
 - Rural Telephone companies
 - Mobile Telephone companies
 - Telephone Resellers including VOIP Providers

The Division greatly appreciates all input, comments, and assistance given to it by industry with regards to corrections and suggestions for inclusion and exclusion of entries in our study as well as formal capitalization rate studies. We believe our study is that much more useful with industry involvement.

G:/DPT-Grp/SAP/2008 Cap Rate/



COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

COMPANY & INDUSTRY	TICKER	DCF MODEL			VALUE LINE BETA	CAPM MODEL			EQUITY RATE USED	PERCENT COMMON EQUITY	DEBT RATE *	PERCENT TOTAL DEBT	PERCENT PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE								
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE		EX ANTE EQUITY RATE	EX POST EQUITY RATE	AVERAGE EQUITY RATE															
AIRLINE INDUSTRY (AL)																							
PASSENGER AIRLINES																							
AirTran Hldgs. Inc.	AAI	12.0%	0.00%	12.00%	1.45	19.22%	14.80%	17.01%	17.01%	40.66%	8.72%	59.34%	0.00%	0.00%	12.09%								
AMR Corp.	AMR	NMF	0.00%	NFM	2.55	30.38%	22.61%	26.49%	26.49%	24.92%	8.72%	75.08%	0.00%	0.00%	13.15%								
Cont'l Airlines	CAL	NMF	0.00%	NFM	2.25	27.34%	20.48%	23.91%	23.91%	31.50%	11.55%	68.50%	0.00%	0.00%	15.44%								
ExpressJet Holdings Inc.	XJT	NMF	0.00%	NFM	1.50	19.73%	15.15%	17.44%	17.44%	92.93%	8.83%	7.07%	0.00%	0.00%	16.83%								
Frontier Airs Inc New	FRNT	NMF	0.00%	NFM	1.55	20.23%	15.51%	17.87%	17.87%	28.42%	8.72%	71.58%	0.00%	0.00%	11.32%								
JetBlue Airways	JBLU	NMF	0.00%	NFM	0.95	14.14%	11.25%	12.69%	12.69%	29.47%	8.72%	70.53%	0.00%	0.00%	9.89%								
Mesa Air Group	MESA	NMF	0.00%	NFM	1.20	16.68%	13.02%	14.85%	14.85%	12.49%	8.54%	87.51%	0.00%	0.00%	9.32%								
Midwest Air Group	MEH	NMF	0.00%	NFM	1.70	21.76%	16.57%	19.16%	19.16%	94.92%	8.72%	5.08%	0.00%	0.00%	18.63%								
Republic Airways Holdings Inc	RJET	9.50%	0.00%	9.50%	0.80	12.62%	10.18%	11.40%	11.40%	32.68%	8.72%	67.32%	0.00%	0.00%	9.60%								
SkyWest	SKYW	12.5%	0.45%	12.95%	1.30	17.70%	13.73%	15.71%	15.71%	48.30%	8.72%	51.70%	0.00%	0.00%	12.10%								
Southwest Airlines	LUV	18.00%	0.15%	18.15%	0.95	14.14%	11.25%	12.69%	12.69%	85.30%	5.94%	14.70%	0.00%	0.00%	11.70%								
UAL Corp. (Beta industry average)	UAUA	NMF	0.00%	NFM	1.47	19.42%	14.94%	17.18%	17.18%	32.91%	8.72%	67.09%	0.00%	0.00%	11.50%								
AVERAGES		Beta Industry Average			1.47			17.20%								46.21%	8.72%	53.79%	0.00%	0.00%			
CAP RATE CALCULATION								AVERAGE ROUNDED								17.20%	46.21%	8.72%	53.79%	0.00%	0.00%	=	12.64%
*Passenger Airlines: CapM Used Exclusively.								MEDIAN								17.09%	32.80%	8.72%	67.20%	0.00%	0.00%	=	11.47%
Not Applied																							
CARGO CARRIERS																							
ABX Air Inc	ABXA	NMF	0.00%	NFM	0.90	13.64%	10.89%	12.26%	12.26%	51.37%	8.10%	48.63%	0.00%	0.00%	10.24%								
AirNet Systems Inc	ANS	NMF	0.00%	NFM	0.80	12.62%	10.18%	11.40%	11.40%	100.00%	11.98%	0.00%	0.00%	0.00%	11.40%								
FedEx Corp.	FDX	9.50%	0.44%	9.94%	1.05	15.16%	11.96%	13.56%	13.56%	93.31%	6.56%	6.69%	0.00%	0.00%	13.09%								
Kitty Hawk Inc	KHKH	NMF	0.00%	NFM	1.10	15.67%	12.31%	13.99%	13.99%	100.00%	11.98%	0.00%	0.00%	0.00%	13.99%								
United Parcel Serv.	UPS	9.50%	2.34%	11.84%	0.80	12.62%	10.18%	11.40%	11.40%	96.04%	6.05%	3.96%	0.00%	0.00%	11.19%								
AVERAGES								12.52%								88.15%	8.93%	11.85%	0.00%	0.00%			
CAP RATE CALCULATION								AVERAGE ROUNDED								12.52%	88.15%	8.93%	11.85%	0.00%	0.00%	=	12.10%
*Cargo Airlines: CapM Used Exclusively.								MEDIAN								12.26%	96.04%	8.10%	3.96%	0.00%	0.00%	=	12.10%

* - Please see attached pages for debt ratings.

COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

COMPANY & INDUSTRY	TICKER	DCF MODEL			VALUE LINE BETA	CAPM MODEL			AVERAGE EQUITY RATE	EQUITY RATE USED	PERCENT COMMON EQUITY	DEBT RATE *	PERCENT TOTAL DEBT	PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE		EX ANTE EQUITY RATE	EX POST EQUITY RATE									
ELECTRIC INDUSTRY (E/ER)																
ALLETE	ALE	8.00%	4.13%	12.13%	0.95	14.14%	11.25%	12.69%	12.41%	75.14%	6.68%	24.86%	n/a	0.00%		10.99%
Alliant Energy	LNT	5.50%	3.07%	8.57%	0.80	12.62%	10.18%	11.40%	9.99%	68.53%	6.03%	27.78%	6.51%	3.69%		8.76%
Amer. Elec. Power	AEP	6.50%	3.52%	10.02%	0.95	14.14%	11.25%	12.69%	11.36%	57.26%	6.56%	42.55%	6.51%	0.19%		9.31%
Ameren Corp.	AEE	3.00%	4.72%	7.72%	0.80	12.62%	10.18%	11.40%	9.56%	65.71%	6.38%	33.07%	6.51%	1.22%		8.47%
Aquila Inc.	ILA	NMF	0.00%	NFM	1.45	19.22%	14.80%	17.01%	17.01%	57.71%	7.36%	42.29%	n/a	0.00%		12.93%
Avista Corp.	AVA	9.00%	2.76%	11.76%	0.95	14.14%	11.25%	12.69%	12.23%	58.94%	7.71%	39.70%	6.51%	1.36%		10.35%
Black Hills	BKH	5.50%	3.14%	8.64%	0.90	13.64%	10.89%	12.26%	10.45%	78.25%	6.56%	21.75%	n/a	0.00%		9.61%
Cen. Vermont Pub. Serv.	CV	9.00%	2.93%	11.93%	1.00	14.65%	11.60%	13.13%	12.53%	70.88%	6.68%	26.89%	6.51%	2.23%		10.82%
CenterPoint Energy	CNP	9.50%	3.88%	13.38%	0.95	14.14%	11.25%	12.69%	13.04%	40.68%	6.96%	59.24%	6.51%	0.07%		9.43%
CH Energy Group	CHG	3.00%	4.87%	7.87%	0.90	13.64%	10.89%	12.26%	10.07%	61.20%	6.68%	36.97%	6.51%	1.83%		8.75%
Cleco Corp.	CNL	6.50%	3.24%	9.74%	1.15	16.17%	12.67%	14.42%	12.08%	71.72%	6.56%	28.24%	6.51%	0.04%		10.52%
CMS Energy Corp.	CMS	8.50%	1.14%	9.64%	1.35	18.20%	14.09%	16.14%	12.89%	39.30%	8.06%	57.79%	6.51%	2.91%		9.91%
Consol. Edison	ED	4.00%	4.80%	8.80%	0.75	12.11%	9.83%	10.97%	9.88%	61.09%	6.08%	37.93%	6.51%	0.98%		8.41%
Constellation Energy	CEG	15.50%	1.71%	17.21%	0.85	13.13%	10.54%	11.83%	14.52%	78.59%	6.56%	20.61%	6.51%	0.80%		12.82%
Dominion Resources	D	9.50%	3.33%	12.83%	0.75	12.11%	9.83%	10.97%	11.90%	67.85%	6.31%	31.51%	6.51%	0.64%		10.10%
DPL Inc.	DPL	10.50%	3.48%	13.98%	0.85	13.13%	10.54%	11.83%	12.91%	69.42%	6.65%	30.11%	6.51%	0.47%		10.99%
DTE Energy	DTE	4.00%	4.78%	8.78%	0.80	12.62%	10.18%	11.40%	10.09%	51.23%	6.61%	48.77%	n/a	0.00%		8.39%
Duke Energy	DUK	NMF	4.35%	NFM	0.89	13.53%	10.82%	12.18%	12.18%	57.72%	6.08%	42.28%	n/a	0.00%		9.60%
Edison Int'l	EIX	6.50%	2.28%	8.78%	0.85	13.13%	10.54%	11.83%	10.31%	61.81%	6.56%	34.98%	6.51%	3.21%		8.87%
El Paso Electric	EE	14.00%	0.00%	14.00%	0.90	13.64%	10.89%	12.26%	13.13%	63.48%	8.02%	36.52%	n/a	0.00%		11.26%
Empire Dist. Elec.	EDE	8.50%	5.58%	14.08%	0.85	13.13%	10.54%	11.83%	12.96%	56.22%	6.31%	43.78%	n/a	0.00%		10.04%
Energy East Corp.	EAS	0.50%	4.55%	5.05%	0.80	12.62%	10.18%	11.40%	11.40%	53.51%	6.56%	46.18%	6.51%	0.31%		9.15%
Entergy Corp.	ETR	9.50%	2.52%	12.02%	0.85	13.13%	10.54%	11.83%	11.93%	67.95%	6.68%	30.98%	6.51%	1.08%		10.24%
Evergreen Energy Inc	EEE	NMF	0.00%	NFM	1.35	18.20%	14.09%	16.14%	16.14%	65.15%	6.68%	34.85%	n/a	0.00%		12.84%
Exelon Corp.	EXC	10.50%	2.46%	12.96%	0.90	13.64%	10.89%	12.26%	12.61%	82.10%	6.38%	17.77%	6.51%	0.13%		11.50%
FirstEnergy Corp.	FE	9.00%	3.02%	12.02%	0.85	13.13%	10.54%	11.83%	11.93%	72.21%	6.56%	27.79%	n/a	0.00%		10.43%
Florida Public Utilities	FPU	3.50%	3.72%	7.22%	0.65	11.10%	9.12%	10.11%	8.66%	59.58%	6.68%	40.42%	n/a	0.00%		7.86%
FPL Group	FPL	11.00%	2.40%	13.40%	0.75	12.11%	9.83%	10.97%	12.18%	72.04%	5.94%	27.96%	n/a	0.00%		10.44%
G't Plains Energy	GXP	1.50%	5.66%	7.16%	0.80	12.62%	10.18%	11.40%	9.28%	68.88%	6.65%	30.06%	6.51%	1.06%		8.46%
Hawaiian Elec.	HE	1.50%	5.40%	6.90%	0.75	12.11%	9.83%	10.97%	8.93%	38.62%	6.56%	60.69%	6.51%	0.69%		7.48%
IDACORP Inc.	IDA	2.00%	3.43%	5.43%	0.95	14.14%	11.25%	12.69%	12.69%	60.13%	5.96%	39.87%	n/a	0.00%		10.01%
Integrus Energy	TEG	1.00%	5.11%	6.11%	0.80	12.62%	10.18%	11.40%	11.40%	63.70%	6.68%	35.48%	6.51%	0.83%		9.68%
MDU Resources	MDU	5.00%	2.08%	7.08%	0.90	13.64%	10.89%	12.26%	9.67%	81.41%	6.68%	18.35%	6.51%	0.24%		9.11%
MGE Energy	MGEE	6.50%	3.95%	10.45%	0.95	14.14%	11.25%	12.69%	11.57%	77.10%	6.68%	22.90%	n/a	0.00%		10.45%
NiSource Inc.	NI	2.50%	4.94%	7.44%	0.90	13.64%	10.89%	12.26%	9.85%	46.61%	6.61%	53.39%	n/a	0.00%		8.12%
* Electrics: if DCF Equity rate, NMF or below 6.5: then CAPM used exclusively for Equity Rate.																

* Electrics: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate.

COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

		DCF MODEL			CAPM MODEL										
COMPANY & INDUSTRY	TICKER	EXPECTED	DIVIDEND	EQUITY	VALUE	EX ANTE	EX POST	AVERAGE	EQUITY	PERCENT		PERCENT		PERCENT	
		GROWTH	YIELD	RATE	LINE	EQUITY	EQUITY	EQUITY	RATE	COMMON	DEBT	TOTAL	PREF'D	PREF'D	CAP
ELECTRIC INDUSTRY CONT.															
Northeast Utilities	NU	17.00%	2.56%	19.56%	0.80	12.62%	10.18%	11.40%	15.48%	51.14%	6.56%	47.65%	6.51%	1.20%	11.12%
NSTAR	NST	8.50%	3.85%	12.35%	0.75	12.11%	9.83%	10.97%	11.66%	62.86%	6.08%	36.44%	6.51%	0.70%	9.59%
OGE Energy	OGE	5.50%	3.82%	9.32%	0.85	13.13%	10.54%	11.83%	10.58%	71.34%	6.68%	28.66%	6.51%	0.00%	9.46%
Otter Tail Corp.	OTTR	5.00%	3.24%	8.24%	0.95	14.14%	11.25%	12.69%	10.47%	77.98%	6.68%	20.86%	6.51%	1.16%	9.63%
Pepco Holdings	POM	9.50%	3.52%	13.02%	0.95	14.14%	11.25%	12.69%	12.86%	55.08%	6.61%	44.69%	6.51%	0.23%	10.05%
PG&E Corp.	PCG	4.50%	3.32%	7.82%	0.85	13.13%	10.54%	11.83%	9.83%	60.82%	6.38%	38.17%	6.51%	1.00%	8.48%
Pinnacle West Capital	PNW	3.50%	4.94%	8.44%	0.80	12.62%	10.18%	11.40%	9.92%	56.92%	6.68%	43.08%	n/a	0.00%	8.52%
PNM Resources	PNM	3.50%	4.22%	7.72%	0.90	13.64%	10.89%	12.26%	9.99%	57.30%	6.68%	42.31%	6.51%	0.39%	8.57%
Portland General	POR	11.77%	3.47%	15.24%	0.89	13.53%	10.82%	12.18%	13.71%	57.99%	6.56%	42.01%	n/a	0.00%	10.71%
PPL Corp.	PPL	14.00%	2.35%	16.35%	0.90	13.64%	10.89%	12.26%	14.31%	71.64%	6.31%	27.26%	6.51%	1.10%	12.04%
Progress Energy	PGN	3.50%	5.07%	8.57%	0.85	13.13%	10.54%	11.83%	10.20%	57.41%	6.38%	42.17%	6.51%	0.42%	8.57%
Public Serv. Enterprise	PEG	11.50%	2.40%	13.90%	0.95	14.14%	11.25%	12.69%	13.30%	71.11%	6.38%	28.67%	6.51%	0.23%	11.30%
Puget Energy Inc.	PSD	6.00%	3.63%	9.63%	0.90	13.64%	10.89%	12.26%	10.95%	54.63%	6.96%	45.34%	6.51%	0.03%	9.14%
SCANA Corp.	SCG	3.50%	4.14%	7.64%	0.85	13.13%	10.54%	11.83%	9.74%	60.92%	6.56%	37.69%	6.51%	1.39%	8.49%
Sempra Energy	SRE	4.50%	2.01%	6.51%	0.90	13.64%	10.89%	12.26%	9.39%	76.92%	6.56%	22.16%	6.51%	0.93%	8.73%
Sierra Pacific Res.	SRP	11.00%	1.86%	12.86%	1.20	16.68%	13.02%	14.85%	13.86%	46.76%	8.70%	53.24%	n/a	0.00%	11.11%
Southern Co.	SO	3.00%	4.14%	7.14%	0.70	11.61%	9.47%	10.54%	8.84%	65.95%	8.02%	32.35%	6.51%	1.70%	8.53%
TECO Energy	TE	4.50%	4.48%	8.98%	0.95	14.14%	11.25%	12.69%	10.84%	51.42%	8.02%	48.58%	n/a	0.00%	9.47%
UIL Holdings	UIL	5.50%	4.66%	10.16%	0.95	14.14%	11.25%	12.69%	11.43%	64.96%	6.68%	35.04%	n/a	0.00%	9.76%
UniSource Energy	UNS	4.00%	2.87%	6.87%	0.60	10.59%	8.76%	9.68%	8.27%	42.11%	6.68%	57.89%	n/a	0.00%	7.35%
UNITIL Corp.	UTL	NMF	4.84%	NFM	0.45	9.07%	7.70%	8.38%	8.38%	49.89%	6.68%	49.49%	6.51%	0.62%	7.53%
Vectren Corp.	VVC	4.50%	4.42%	8.92%	0.90	13.64%	10.89%	12.26%	10.59%	65.16%	6.68%	34.84%	n/a	0.00%	9.23%
Westar Energy	WR	4.50%	4.09%	8.59%	0.85	13.13%	10.54%	11.83%	10.21%	56.49%	6.19%	43.01%	6.51%	0.50%	8.46%
Wisconsin Energy	WEC	8.00%	2.04%	10.04%	0.85	13.13%	10.54%	11.83%	10.94%	61.73%	8.02%	37.94%	6.51%	0.33%	9.81%
Xcel Energy Inc.	XEL	5.50%	4.06%	9.56%	0.80	12.62%	10.18%	11.40%	10.48%	56.46%	6.68%	42.92%	6.51%	0.62%	8.82%
AVERAGES		Beta Industry Average			0.89				11.43%	62.11%	6.72%	37.28%	6.51%	0.61%	
CAP RATE CALCULATION						AVERAGE			11.43%	62.11%	6.72%	37.28%	6.51%	0.61%	= 9.64%
		Not Applied				MEDIAN ROUNDED			11.38%	62.50%	6.63%	37.00%	6.51%	0.50%	= 9.60%
* Electrics: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate.															

COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

		DCF MODEL			CAPM MODEL											
COMPANY & INDUSTRY	TICKER	EXPECTED	DIVIDEND	EQUITY	VALUE	EX ANTE	EX POST	AVERAGE	EQUITY	PERCENT	PERCENT	PERCENT	PERCENT	CAP		
		GROWTH													LINE	EQUITY
<u>DISTRIBUTION PIPELINES (PD)</u>																
Atmos Energy	ATO	5.00%	4.61%	9.61%	0.85	13.13%	10.54%	11.83%	10.72%	54.07%	6.61%	45.93%	0.00%	0.00%	8.83%	
Chesapeake Utilities Corp.	CPK	5.00%	4.20%	9.20%	0.65	11.10%	9.12%	10.11%	9.65%	75.43%	6.58%	24.57%	0.00%	0.00%	8.90%	
Energen Corp.	EGN	5.50%	0.71%	6.21%	0.90	13.64%	10.89%	12.26%	12.26%	89.09%	6.61%	10.91%	0.00%	0.00%	11.65%	
Energy West Inc.	EWST	NMF	4.44%	NFM	0.30	7.55%	6.63%	7.09%	7.09%	76.93%	6.58%	23.07%	0.00%	0.00%	6.97%	
EnergySouth Inc	ENSI	NMF	0.00%	NFM	0.80	12.62%	10.18%	11.40%	11.40%	79.36%	6.58%	20.64%	0.00%	0.00%	10.40%	
Equitable Resources	EQT	11.50%	1.66%	13.16%	0.85	13.13%	10.54%	11.83%	12.50%	89.66%	6.31%	10.34%	0.00%	0.00%	11.86%	
Kinder Morgan Energy	KMP	5.00%	6.47%	11.47%	0.65	11.10%	9.12%	10.11%	10.79%	66.92%	6.61%	33.08%	0.00%	0.00%	9.40%	
Laclede Group	LG	4.00%	4.34%	8.34%	0.95	14.14%	11.25%	12.69%	10.52%	67.53%	5.96%	32.42%	0.00%	0.05%	9.03%	
New Jersey Resources	NJR	4.00%	3.20%	7.20%	0.85	13.13%	10.54%	11.83%	9.52%	80.72%	6.58%	19.28%	0.00%	0.00%	8.95%	
Nicor Inc.	GAS	3.00%	4.24%	7.24%	1.00	14.65%	11.60%	13.13%	10.18%	82.13%	6.58%	17.84%	0.00%	0.03%	9.54%	
Northwest Nat. Gas	NWN	8.00%	3.02%	11.02%	0.90	13.64%	10.89%	12.26%	11.64%	72.10%	5.48%	27.90%	0.00%	0.00%	9.92%	
ONEOK Inc.	OKE	5.50%	3.19%	8.69%	0.90	13.64%	10.89%	12.26%	10.48%	52.72%	6.61%	47.28%	0.00%	0.00%	8.65%	
Piedmont Natural Gas	PNY	3.50%	3.71%	7.21%	0.85	13.13%	10.54%	11.83%	9.52%	70.50%	5.96%	29.50%	0.00%	0.00%	8.47%	
Plains All Amer. Pipe.	PAA	5.00%	6.45%	11.45%	0.70	11.61%	9.47%	10.54%	10.99%	69.68%	6.61%	30.32%	0.00%	0.00%	9.66%	
RGC Resources Inc	RGCO	NMF	4.15%	NFM	0.25	7.04%	6.28%	6.66%	6.66%	74.50%	6.58%	25.50%	0.00%	0.00%	6.64%	
South Jersey Inds.	SJI	7.00%	2.94%	9.94%	0.85	13.13%	10.54%	11.83%	10.89%	75.05%	5.96%	24.95%	0.00%	0.00%	9.66%	
Southern Union	SUG	7.50%	2.03%	9.53%	1.00	14.65%	11.60%	13.13%	11.33%	55.86%	6.56%	40.52%	0.00%	3.62%	8.99%	
Southwest Gas	SWX	8.00%	2.90%	10.90%	0.90	13.64%	10.89%	12.26%	11.58%	48.81%	6.56%	51.19%	0.00%	0.00%	9.01%	
WGL Holdings Inc.	WGL	2.00%	4.10%	6.10%	0.85	13.13%	10.54%	11.83%	11.83%	71.23%	6.58%	27.54%	0.00%	1.23%	10.24%	
AVERAGES									10.50%	71.17%	6.41%	28.57%	0.00%	0.26%		
CAP RATE CALCULATION									10.50%	71.43%	6.41%	28.57%	0.00%	0.00%	= 9.33%	
									10.79%	72.00%	6.58%	28.00%	0.00%	0.00%	= 9.61%	
* Distribution Pipelines: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate.																
<u>FLUID PIPELINES (PF)</u>																
Buckeye Partners	BPL	7.00%	6.55%	13.55%	0.75	12.11%	9.83%	10.97%	12.26%	71.31%	6.56%	28.69%	0.00%	0.00%	10.62%	
BP p.l.c.	BP	6.00%	3.51%	9.51%	0.90	13.64%	10.89%	12.26%	10.89%	93.71%	6.64%	6.29%	0.00%	0.00%	10.62%	
Chevron Corp.	CVX	5.00%	2.47%	7.47%	0.90	13.64%	10.89%	12.26%	9.87%	97.49%	6.64%	2.51%	0.00%	0.00%	9.79%	
ConocoPhillips	COP	2.50%	1.85%	4.35%	0.90	13.64%	10.89%	12.26%	12.26%	86.91%	6.42%	13.09%	0.00%	0.00%	11.50%	
Enbridge Energy Partners LLP	EEP	7.50%	7.60%	15.10%	0.60	10.59%	8.76%	9.68%	12.39%	60.10%	6.61%	39.90%	0.00%	0.00%	10.08%	
Magellan Midstream	MMP	7.50%	5.90%	13.40%	0.60	10.59%	8.76%	9.68%	11.54%	76.56%	5.96%	23.44%	0.00%	0.00%	10.23%	
Occidental Petroleum	OXY	3.50%	1.28%	4.78%	1.05	15.16%	11.96%	13.56%	13.56%	97.37%	6.61%	2.63%	0.00%	0.00%	13.37%	
Plains All American PL	PAA	5.00%	6.45%	11.45%	0.70	11.61%	9.47%	10.54%	10.99%	69.68%	6.96%	30.32%	0.00%	0.00%	9.77%	
TEPPCO Partners L.P.	TPP	8.00%	7.17%	15.17%	0.65	11.10%	9.12%	10.11%	12.64%	66.27%	6.96%	33.73%	0.00%	0.00%	10.72%	
AVERAGES									11.82%	79.94%	6.59%	20.06%	0.00%	0.00%		
CAP RATE CALCULATION									11.82%	79.94%	6.59%	20.06%	0.00%	0.00%	= 10.77%	
									12.26%	76.56%	6.61%	23.44%	0.00%	0.00%	= 10.93%	
* Fluid Pipelines: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate.																

* - Please see attached pages for debt ratings.

COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

COMPANY & INDUSTRY	TICKER	DCF MODEL			CAPM MODEL				EQUITY RATE USED	PERCENT COMMON EQUITY	DEBT RATE *	PERCENT TOTAL DEBT	PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE		
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE	VALUE LINE BETA	EX ANTE EQUITY RATE	EX POST EQUITY RATE	AVERAGE EQUITY RATE									
TRANSMISSION PIPELINES (PT)																	
Boardwalk Pipeline (Beta: Ind Average)	BWP	NMF	5.76%	5.76%	0.94	14.04%	11.17%	12.61%	12.61%	66.20%	7.19%	33.80%	0.00%	0.00%	10.77%		
El Paso Corp.	EP	28.00%	0.92%	28.92%	1.80	22.77%	17.28%	20.03%	24.47%	49.31%	8.37%	50.69%	0.00%	0.00%	16.31%		
Enterprise Product Partners	EPD	11.00%	6.21%	17.21%	0.55	10.08%	8.41%	9.24%	13.23%	67.00%	6.96%	33.00%	0.00%	0.00%	11.16%		
Kinder Morgan Energy Partners	KMP	5.00%	6.47%	11.47%	0.65	11.10%	9.12%	10.11%	10.79%	66.92%	6.61%	33.08%	0.00%	0.00%	9.40%		
ONEOK Partners LP	OKS	6.00%	6.57%	12.57%	0.65	11.10%	9.12%	10.11%	11.34%	66.34%	6.61%	33.66%	0.00%	0.00%	9.74%		
Questar Corp.	STR	8.00%	0.90%	8.90%	0.90	13.64%	10.89%	12.26%	10.58%	90.57%	7.19%	9.43%	0.00%	0.00%	10.26%		
Spectra Energy (Beta: Ind Average)	SE	NMF	3.42%	3.42%	0.94	14.04%	11.17%	12.61%	12.61%	65.64%	7.19%	34.36%	0.00%	0.00%	10.74%		
TransCanada Corp.	TRP	13.00%	3.36%	16.36%	0.70	11.61%	9.47%	10.54%	13.45%	61.13%	6.19%	37.60%	7.71%	1.27%	10.65%		
Williams Cos.	WMB	24.00%	1.12%	25.12%	1.35	18.20%	14.09%	16.14%	20.63%	74.36%	7.71%	25.64%	0.00%	0.00%	17.32%		
Beta Industry Average									0.94								
* Transmission Pipelines: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate									AVERAGE	14.41%	67.50%	7.11%	32.36%	0.86%	0.14%		
									MEDIAN ROUNDED	14.41%	67.64%	7.11%	32.36%	0.00%	0.00%	=	12.05%
										12.61%	66.34%	7.19%	33.66%	0.00%	0.00%	=	10.78%
RAILROAD INDUSTRY (RR)																	
Burlington Northern	BNI	13.00%	1.54%	14.54%	1.05	15.16%	11.96%	13.56%	13.65%	78.87%	6.61%	21.13%	0.00%	0.00%	12.17%		
CSX Corp.	CSX	18.00%	1.36%	19.36%	1.15	16.17%	12.67%	14.42%	14.91%	73.57%	6.61%	26.43%	0.00%	0.00%	12.72%		
Norfolk Southern	NSC	13.00%	2.05%	15.05%	1.10	15.67%	12.31%	13.99%	14.09%	77.41%	6.56%	22.59%	0.00%	0.00%	12.39%		
Union Pacific	UNP	17.00%	1.38%	18.38%	1.00	14.65%	11.60%	13.13%	13.65%	81.32%	6.61%	18.68%	0.00%	0.00%	12.33%		
AVERAGES									14.08%	77.79%	6.59%	22.21%	0.00%	0.00%			
CAP RATE CALCULATION									14.08%	77.79%	6.59%	22.21%	0.00%	0.00%	=	12.42%	
Not Applied									MEDIAN ROUNDED	13.87%	78.14%	6.61%	21.86%	0.00%	0.00%	=	12.29%
Railroads: Equity Weighting 10 % DCF and 90 % CAPM																	

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COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

COMPANY & INDUSTRY	TICKER	DCF MODEL			VALUE LINE BETA	CAPM MODEL			EQUITY RATE USED	PERCENT COMMON EQUITY	DEBT RATE *	PERCENT TOTAL DEBT	PERCENT PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE		EX ANTE EQUITY RATE	EX POST EQUITY RATE	AVERAGE EQUITY RATE							
TELECOMMUNICATIONS COMPANIES: (TL)															
Alaska Communic.	ALSK	NMF	5.71%	NFM	0.85	13.13%	10.54%	11.83%	11.83%	59.88%	7.68%	40.12%	0.00%	0.00%	10.16%
AT&T Inc.	T	14.50%	3.81%	18.31%	1.00	14.65%	11.60%	13.13%	13.13%	82.52%	6.08%	17.48%	0.00%	0.00%	11.89%
BCE Inc.	BCE	5.50%	3.63%	9.13%	0.75	12.11%	9.83%	10.97%	10.97%	69.83%	7.68%	23.92%	6.51%	6.25%	9.90%
Cbeyond Inc	CBEY	NMF	0.00%	NFM	1.30	17.70%	13.73%	15.71%	15.71%	100.00%	7.68%	0.00%	0.00%	0.00%	15.71%
CenturyTel Inc.	CTL	1.00%	0.63%	1.63%	0.85	13.13%	10.54%	11.83%	11.83%	62.58%	6.61%	37.32%	0.00%	0.10%	9.87%
Citizens Communic.	CZN	7.50%	7.75%	15.25%	0.90	13.64%	10.89%	12.26%	12.26%	47.25%	8.13%	52.75%	0.00%	0.00%	10.08%
Embarq Corp. (Beta: Ind Ave)	EQ	NMF	5.11%	NFM	1.09	15.56%	12.24%	13.90%	13.90%	56.52%	7.68%	43.48%	0.00%	0.00%	11.19%
FiberNet Telecom Group Inc	FTGX	NMF	0.00%	NFM	1.05	15.16%	11.96%	13.56%	13.56%	68.74%	7.68%	15.57%	6.51%	15.69%	11.54%
Gen'l Communication 'A'	GNCMA	NMF	0.00%	NFM	1.05	15.16%	11.96%	13.56%	13.56%	46.54%	7.68%	53.46%	0.00%	0.00%	10.41%
Global Crossing	GLBC	NMF	0.00%	NFM	1.40	18.71%	14.44%	16.58%	16.58%	43.95%	7.68%	49.62%	6.51%	6.43%	11.51%
Hickory Tech Corp	HTCO	NMF	9.98%	NFM	0.90	13.64%	10.89%	12.26%	12.26%	48.71%	7.68%	51.29%	0.00%	0.00%	9.91%
Level 3 Communic.	LVL	NMF	0.00%	NFM	1.15	16.17%	12.67%	14.42%	14.42%	30.61%	11.55%	69.39%	0.00%	0.00%	12.42%
Qwest Communic.	Q	NMF	0.00%	NFM	1.30	17.70%	13.73%	15.71%	15.71%	50.23%	8.70%	49.77%	0.00%	0.00%	12.22%
Shenandoah Telecommunications	SHEN	4.00%	1.70%	5.70%	1.10	15.67%	12.31%	13.99%	13.99%	96.96%	7.68%	3.04%	0.00%	0.00%	13.80%
SureWest Communications	SURW	NMF	0.00%	NFM	1.60	20.74%	15.86%	18.30%	18.30%	67.20%	7.68%	32.80%	0.00%	0.00%	14.82%
Time Warner Telecom Inc	TWTC	14.00%	3.88%	17.88%	1.30	17.70%	13.73%	15.71%	15.71%	68.72%	6.61%	31.28%	0.00%	0.00%	12.86%
Verizon Communic.	VZ	4.00%	6.56%	10.56%	0.95	14.14%	11.25%	12.69%	12.69%	81.44%	6.08%	18.56%	0.00%	0.00%	11.47%
AVERAGES		Beta Industry Average			1.09										
CAP RATE CALCULATION								AVERAGE							
								MEDIAN ROUNDED							
									13.91%	63.63%	7.68%	34.70%	1.15%	1.67%	
									13.91%	65.30%	7.68%	34.70%	0.00%	0.00%	= 11.74%
									13.56%	62.68%	7.68%	37.32%	0.00%	0.00%	= 11.36%
Telecoms: CapM Used Exclusively.															

* - Please see attached pages for debt ratings.

COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

		DCF MODEL			VALUE LINE BETA	CAPM MODEL			EQUITY RATE USED	PERCENT COMMON EQUITY	DEBT RATE *	PERCENT TOTAL DEBT	PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE
COMPANY & INDUSTRY	TICKER	EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE		EX ANTE EQUITY RATE	EX POST EQUITY RATE	AVERAGE EQUITY RATE							
RURAL TELEPHONES (TR)															
CenturyTel Inc.	CTL	1.00%	0.63%	1.63%	0.85	13.13%	10.54%	11.83%	11.83%	62.58%	6.61%	37.32%	0.00%	0.10%	9.87%
Cincinnati Bell	CBB	1.00%	0.00%	1.00%	1.40	18.71%	14.44%	16.58%	16.58%	34.88%	9.38%	60.39%	6.51%	4.74%	11.75%
D & E Communications Inc	DECC	NMF	5.60%	NFM	0.75	12.11%	9.83%	10.97%	10.97%	39.20%	7.68%	60.80%	0.00%	0.00%	8.97%
FairPoint Communic.	FRP	0.00%	0.00%	NFM	0.90	13.64%	10.89%	12.26%	12.26%	43.73%	7.68%	56.27%	0.00%	0.00%	9.68%
Iowa Telecom. Svcs.	IWA	NMF	0.00%	NFM	0.85	13.13%	10.54%	11.83%	11.83%	50.97%	7.68%	49.03%	0.00%	0.00%	9.79%
New Ulm Telecom Inc	NULM	NMF	3.40%	NFM	0.50	9.58%	8.05%	8.81%	8.81%	99.84%	7.68%	0.16%	0.00%	0.00%	8.81%
NTELOS Holdings Corp	NTLS	NMF	3.40%	NFM	0.80	12.62%	10.18%	11.40%	11.40%	65.02%	7.68%	34.98%	0.00%	0.00%	10.10%
Otelco Inc	OTT	NMF	0.00%	NFM	0.85	13.13%	10.54%	11.83%	11.83%	52.09%	7.68%	47.91%	0.00%	0.00%	9.84%
Warwick Valley Tel Co	WWVY	NMF	7.78%	NFM	0.55	10.08%	8.41%	9.24%	9.24%	90.76%	7.68%	8.54%	0.00%	0.70%	9.04%
Windstream Corp. (Beta: Ind Average)	WIN	1.50%	0.00%	1.50%	0.83	12.92%	10.39%	11.66%	11.66%	52.07%	7.61%	47.93%	0.00%	0.00%	9.72%
AVERAGES		Beta Industry Average			0.83				11.64%	59.11%	7.73%	40.33%	0.65%	0.55%	
CAP RATE CALCULATION		Not Applied						AVERAGE	11.64%	59.66%	7.73%	40.33%	0.00%	0.00%	= 10.06%
Rural Telecoms: CapM Used Exclusively.								ROUNDED	11.75%	60.00%	7.68%	40.00%	0.00%	0.00%	= 10.12%
MOBILE TELEPHONE COMPANIES: (TM)															
AT&T Inc.	T	14.50%	3.81%	18.31%	1.00	14.65%	11.60%	13.13%	13.13%	82.52%	6.08%	17.48%	0.00%	0.00%	11.89%
Metro PCS Communic.	PCS	28.50%	0.00%	28.50%	0.99	14.55%	11.53%	13.04%	13.04%	69.34%	7.68%	30.66%	0.00%	0.00%	11.39%
Sprint Nextel Corp.	S	19.00%	0.75%	19.75%	1.10	15.67%	12.31%	13.99%	13.99%	63.23%	6.61%	36.77%	0.00%	0.00%	11.27%
U.S. Cellular	USM	23.50%	0.00%	23.50%	0.90	13.64%	10.89%	12.26%	12.26%	83.13%	8.76%	16.87%	0.00%	0.00%	11.67%
Verizon Communic.	VZ	4.00%	6.56%	10.56%	0.95	14.14%	11.25%	12.69%	12.69%	81.44%	6.08%	18.56%	0.00%	0.00%	11.47%
AVERAGES		Beta Industry Average			0.99				13.02%	75.93%	7.04%	24.07%	0.00%	0.00%	
CAP RATE CALCULATION		Not Applied						AVERAGE	13.02%	75.93%	7.04%	24.07%	0.00%	0.00%	= 11.58%
Mobile Telecoms: CapM Used Exclusively.								MEDIAN ROUNDED	13.04%	81.44%	6.61%	18.56%	0.00%	0.00%	= 11.84%
RESELLERS AND VOIP (TX)															
Covista Communications Inc	CVST	NMF	0.00%	NFM	0.40	8.56%	7.34%	7.95%	7.95%	100.00%	7.68%	0.00%	0.00%	0.00%	7.95%
Globetel Communications Corp	GTEM	NMF	0.00%	NFM	0.85	13.13%	10.54%	11.83%	11.83%	100.00%	7.68%	0.00%	0.00%	0.00%	11.83%
GoAmerica Inc	GOAM	NMF	0.00%	NFM	1.35	18.20%	14.09%	16.14%	16.14%	99.27%	7.68%	0.73%	0.00%	0.00%	16.08%
GTC Telecom Corp	GTCC	NMF	0.00%	NFM	1.10	15.67%	12.31%	13.99%	13.99%	83.40%	7.68%	16.60%	0.00%	0.00%	12.94%
IDT Corp.	IDT	NMF	10.20%	NFM	0.90	13.64%	10.89%	12.26%	12.26%	86.23%	7.68%	13.77%	0.00%	0.00%	11.63%
PAETEC Holding Corp.	PAET	NMF	0.00%	NFM	1.15	16.17%	12.67%	14.42%	14.42%	55.77%	11.98%	44.23%	0.00%	0.00%	13.34%
Primus Telecom Group	PRTL	NMF	0.00%	NFM	1.05	15.16%	11.96%	13.56%	13.56%	7.78%	7.68%	92.22%	0.00%	0.00%	8.13%
Rapid Link Inc	RPID	NMF	0.00%	NFM	0.50	9.58%	8.05%	8.81%	8.81%	100.00%	7.68%	0.00%	0.00%	0.00%	8.81%
Trinsic Inc	TRINQ	NMF	0.00%	NFM	0.80	12.62%	10.18%	11.40%	11.40%	62.80%	7.68%	37.20%	0.00%	0.00%	10.01%
Ulticom Inc	ULCM	NMF	0.00%	NFM	0.95	14.14%	11.25%	12.69%	12.69%	100.00%	7.68%	0.00%	0.00%	0.00%	12.69%
VoIP Inc (Beta Ind ave)	VOIC	NMF	0.00%	NFM	0.86	13.23%	10.61%	11.92%	11.92%	100.00%	7.68%	0.00%	0.00%	0.00%	11.92%
Vonage Holdings (Beta Ind ave)	VG	NMF	0.00%	NFM	0.86	13.23%	10.61%	11.92%	11.92%	53.06%	7.68%	46.94%	0.00%	0.00%	9.93%
WQN Inc	WQNI	NMF	0.00%	NFM	0.45	9.07%	7.70%	8.38%	8.38%	100.00%	7.68%	0.00%	0.00%	0.00%	8.38%
AVERAGES		Beta Industry Average			0.86				11.94%	80.64%	8.01%	19.36%	0.00%	0.00%	
CAP RATE CALCULATION		Not Applied						AVERAGE	11.94%	80.64%	8.01%	19.36%	0.00%	0.00%	= 11.18%
Resellers: CapM Used Exclusively.								MEDIAN ROUNDED	11.92%	99.27%	7.68%	0.73%	0.00%	0.00%	= 11.89%

* - Please see attached pages for debt ratings.

COLORADO CAPITALIZATION RATE(S) FOR TAX YEAR 2008

COMPANY & INDUSTRY	TICKER	DCF MODEL			VALUE LINE BETA	CAPM MODEL			AVERAGE EQUITY RATE	EQUITY RATE USED	PERCENT COMMON EQUITY	PERCENT DEBT RATE *	PERCENT TOTAL DEBT	PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE		
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE		EX ANTE EQUITY RATE	EX POST EQUITY RATE											
AFFILIATED POWER PRODUCERS (EN)																		
AES Corporation	AES	14.00%	0.00%	14.00%	1.30	17.70%	13.73%	15.71%	14.86%	48.24%	9.44%	51.76%	n/a	0.00%		12.05%		
Dynegy	DYN	NMF	0.00%	NFM	1.15	16.17%	12.67%	14.42%	14.42%	38.21%	9.44%	61.79%	n/a	0.00%		11.34%		
Reliant Energy	RRI	NMF	0.00%	NFM	1.20	16.68%	13.02%	14.85%	14.85%	75.12%	9.44%	24.88%	n/a	0.00%		13.50%		
NRG Energy	NRG	23.50%	0.00%	23.50%	0.95	14.14%	11.25%	12.69%	18.10%	47.73%	10.04%	39.90%	6.51%	12.36%		13.45%		
AVERAGES		Beta Industry Average			1.15				15.56%	52.32%	9.59%	44.59%	6.51%	3.09%				
CAP RATE CALCULATION									AVERAGE	15.56%	55.41%	9.59%	44.59%	0.00%	0.00%	=	12.89%	
									APP RATE	(12.89 + 9.60 %)/2								11.25%
Affiliated Power Producers: 50 percent weighting on electrics and 50 percent weighting on Affiliated Power.																		

* - Please see attached pages for debt ratings.

COLORADO CAPITALIZATION RATES FOR TAX YEAR 2008

RISK PREMIUM CALCULATION

EX ANTE MARKET RISK (Rm) (1)	14.65%
SAFE RATE (Rf) (2)	4.50%
EX ANTE RISK PREMIUM (Rp) (3)	10.15%
EX POST RISK PREMIUM (4)	7.10%

EX ANTE CAPM FORMULA	4.5% + (beta x 10.15%)
EX POST CAPM FORMULA	4.5% + (beta x 7.10%)

EQUALIZATION FACTOR

2008 ASSESSMENT YEAR	97.00%
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OTHER INDUSTRIE(S)

WATER COMPANIES SELLING AT RETAIL (WA)	11.20%
AFFILIATED POWER PRODUCERS (EN)	11.25%

(1) See page 5 of the narrative summary.

(2) 20-year constant maturity at Year-End, December 31, 2007 - Federal Reserve statistical release.

(3) Difference between (1) - (2)

(4) Long-horizon expected equity risk premia, Risk Premia over Time Report: 2007 Yearbook, Ibbotson Associates

STANDARD AND POOR'S TREASURY AND CORPORATE BOND YIELD INDEX-BY RATING: AAA-B
S&P Bond Ratings: Provided by Dr. Hal Heaton, Ph.D, Prof of Finance Marriot School of Management, Brigham University, Ref: Bloomberg
AAA - CCC; Statistical study CC and C/D
YIELD AVERAGE - DEC. 2007

					Speculative Risk *				
Extremely Strong	Very Strong	Strong Capacity	Adequate Capacity	More Risk *	More Risk **	More Risk	More Risk	High Risk	Default Recovery Unlikely
AAA	AA	A	BBB	BB+	BB	B	CCC	CC	C/D
5.450%	5.480%	5.960%	6.560%	8.760%	9.380%	10.040%	11.110%	13.710%	16.310%

* BB+ = average of BBB and BB ** A+/- = A, BBB+/- = applied BBB rating, BB-/BB=applied BB-

Moody's Public Utility Preferred Stock Yield Averages
(Mergent Bond Guide, January 2007 - page 749)
Moody's Bond Ratings
YIELD AVERAGE - DEC. 2007

High Grade	Upper-Med. Grade	Medium Grade
Aa	A	Baa
---	6.20%	6.51%

Moody's Corporate Bond Yield Averages
(Mergent Bond Guide, January 2007 - page 210)
Moody's Bond Ratings (Statistical Survey: Ba thru C)
CORPORATE BY RATINGS - DEC. 2007
PUBLIC UTILITY BONDS - DEC. 2007
INDUSTRIAL BONDS - DEC. 2007

Best Quality	High Quality	Upper-Med. Grade	Medium Grade	Speculative Risk *				
Aaa	Aa	A	Baa	Ba	B	Caa	Ca	C/D
5.49%	5.91%	6.19%	6.65%	7.36%	8.83%	11.98%	20.76%	20.76%
---	6.03%	6.16%	6.51%					
5.49%	5.78%	6.22%	6.78%					

For Speculative Bond Risk ratings, S&P's year-end 2007 Bond Guide and Mergent's January 2008 Bond Guide were used to compile a significant number of BB/Ba, B, CCC/Ca, and C rated bonds. These bond ratings were stratified and the median yield to maturity was used to establish the Debt Rate for companies having more speculative ratings.

Not Applied

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
<u>AIRLINE INDUSTRY (AL)</u>					
<u>PASSENGER AIRLINES</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
AirTran Hldgs. Inc.	NR *	8.91%	NR *	8.54%	8.72%
ExpressJet Holdings Inc.	NR *	8.91%	NR *	8.54%	8.72%
AMR Corp.	Caa	11.98%	CCC	11.11%	11.55%
Cont'l Airlines	B	8.83%	NR *	n/a	8.83%
Frontier Airs Inc New	NR *	8.91%	NR *	8.54%	8.72%
JetBlue Airways	NR *	8.91%	NR *	8.54%	8.72%
Mesa Air Group	NR *	8.91%	NR *	8.54%	8.54%
Midwest Air Group	NR *	8.91%	NR *	8.54%	8.72%
Republic Airways Holdings Inc	NR *	8.91%	NR *	8.54%	8.72%
SkyWest	NR *	8.91%	NR *	8.54%	8.72%
Southwest Airlines	Aa	5.91%	A	5.96%	5.94%
UAL Corp. (Beta industry average)	NR *	8.91%	NR *	8.54%	8.72%
	Average =	8.91%	Average =	8.54%	
<u>CARGO CARRIERS</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
ABX Air Inc	NR *	10.20%	NR *	6.01%	8.10%
AirNet Systems Inc	Caa	11.98%	NR *	n/a	11.98%
FedEx Corp.	NR *	n/a	BBB	6.56%	6.56%
Kitty Hawk Inc	Caa	11.98%	NR *	n/a	11.98%
United Parcel Serv.	Baa	6.65%	AAA	5.45%	6.05%
	Average =	10.20%	Average =	6.01%	8.10%

* NR* (not rated) Industry Average Applied unless otherwise indicated. + or - ratings if not graded rounded up or down accordingly.
2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
<u>ELECTRIC INDUSTRY (EL/ER)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
ALLETE	NR*	6.56%	NR*	6.79%	6.68%
Alliant Energy	Aaa	5.49%	BBB	6.56%	6.03%
Amer. Elec. Power	NR*	n/a	BBB	6.56%	6.56%
Ameren Corp.	A	6.19%	BBB	6.56%	6.38%
Aquila Inc.	Ba	7.36%	NR*	n/a	7.36%
Avista Corp.	Baa	6.65%	BB+	8.76%	7.71%
Black Hills	NR*	6.56%	BBB	6.56%	6.56%
Cen. Vermont Pub. Serv.	NR*	6.56%	NR*	6.79%	6.68%
CenterPoint Energy	Ba	7.36%	BBB	6.56%	6.96%
CH Energy Group	NR*	6.56%	NR*	6.79%	6.68%
Cleco Corp.	NR*	n/a	BBB	6.56%	6.56%
CMS Energy Corp.	Ba	7.36%	BB+	8.76%	8.06%
Consol. Edison	A	6.19%	A	5.96%	6.08%
Constellation Energy	NR*	n/a	BBB	6.56%	6.56%
Dominion Resources	Baa	6.65%	A	5.96%	6.31%
DPL Inc.	Baa	6.65%	NR*	n/a	6.65%
DTE Energy	Baa	6.65%	BBB	6.56%	6.61%
Duke Energy	A	6.19%	A	5.96%	6.08%
Edison Int'l	NR*	n/a	BBB	6.56%	6.56%
El Paso Electric	Baa	6.65%	BB	9.38%	8.02%
Empire Dist. Elec.	Baa	6.65%	A	5.96%	6.31%
Energy East Corp.	NR*	n/a	BBB	6.56%	6.56%
Entergy Corp.	NR*	6.56%	NR*	6.79%	6.68%
Evergreen Energy Inc	NR*	6.56%	NR*	6.79%	6.68%
Exelon Corp.	A	6.19%	BBB	6.56%	6.38%
FirstEnergy Corp.	NR*	n/a	BBB	6.56%	6.56%
Florida Public Utilities	NR*	6.56%	NR*	6.79%	6.68%
FPL Group	Aa	5.91%	A	5.96%	5.94%
G't Plains Energy	Baa	6.65%	NR*	n/a	6.65%
Hawaiian Elec.	NR*	n/a	BBB	6.56%	6.56%
IDACORP Inc.	NR*	n/a	A	5.96%	5.96%
Integrus Energy	NR*	6.56%	NR*	6.79%	6.68%
MDU Resources	NR*	6.56%	NR*	6.79%	6.68%
MGE Energy	NR*	6.56%	NR*	6.79%	6.68%
NiSource Inc.	Baa	6.65%	BBB	6.56%	6.61%

* NR* (not rated) Industry Average Applied unless otherwise indicated. + or - ratings if not graded rounded up or down accordingly.
2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
<u>ELECTRIC INDUSTRY CON'T.</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
Northeast Utilities	NR*	n/a	BBB	6.56%	6.56%
NSTAR	A	6.19%	A	5.96%	6.08%
OGE Energy	NR*	6.56%	NR*	6.79%	6.68%
Otter Tail Corp.	NR*	6.56%	NR*	6.79%	6.68%
Peppo Holdings	Baa	6.65%	BBB	6.56%	6.61%
PG&E Corp.	A	6.19%	BBB	6.56%	6.38%
Pinnacle West Capital	NR*	6.56%	NR*	6.79%	6.68%
PNM Resources	NR*	6.56%	NR*	6.79%	6.68%
Portland General	NR*	n/a	BBB	6.56%	6.56%
PPL Corp.	Baa	6.65%	A	5.96%	6.31%
Progress Energy	A	6.19%	BBB	6.56%	6.38%
Public Serv. Enterprise	A	6.19%	BBB	6.56%	6.38%
Puget Energy Inc.	Ba	7.36%	BBB	6.56%	6.96%
SCANA Corp.	NR*	n/a	BBB	6.56%	6.56%
Sempra Energy	NR*	n/a	BBB	6.56%	6.56%
Sierra Pacific Res.	Ba	7.36%	B	10.04%	8.70%
Southern Co.	A	6.19%	NR*	n/a	6.19%
TECO Energy	Baa	6.65%	BB	9.38%	8.02%
UIL Holdings	NR*	6.56%	NR*	6.79%	6.68%
UniSource Energy	NR*	6.56%	NR*	6.79%	6.68%
UNITIL Corp.	NR*	6.56%	NR*	6.79%	6.68%
Vectren Corp.	NR*	6.56%	NR*	6.79%	6.68%
Westar Energy	NR*	n/a	BBB	6.56%	6.56%
Wisconsin Energy	Baa	6.65%	BBB	6.56%	6.61%
Xcel Energy Inc.	Baa	6.65%	NR*	n/a	6.65%
	Average =	6.56%	Average =	6.79%	
<u>DISTRIBUTION PIPELINES (PD)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
Atmos Energy	Baa	6.65%	BBB	6.56%	6.61%
Chesapeake Utilities Corp.	NR*	6.88%	NR*	6.27%	6.58%
Energen Corp.	Baa	6.65%	BBB	6.56%	6.61%
Energy West Inc.	NR*	6.88%	NR*	6.27%	6.58%
EnergySouth Inc	NR*	6.88%	NR*	6.27%	6.58%
Equitable Resources	Baa	6.65%	A	5.96%	6.31%
Kinder Morgan Energy	Baa	6.65%	BBB	6.56%	6.61%
Laclede Group	NR*	n/a	A	5.96%	5.96%
New Jersey Resources	NR*	6.88%	NR*	6.27%	6.58%
Nicor Inc.	NR*	6.88%	NR*	6.27%	6.58%
Northwest Nat. Gas	NR*	n/a	AA	5.48%	5.48%
ONEOK Inc.	Baa	6.65%	BBB	6.56%	6.61%
Piedmont Natural Gas	NR*	n/a	A	5.96%	5.96%
Plains All Amer. Pipe.	Baa	6.65%	BBB	6.56%	6.61%
RGC Resources Inc	NR*	6.88%	NR*	6.27%	6.58%
South Jersey Inds.	NR*	n/a	A	5.96%	5.96%
Southern Union	NR*	n/a	BBB	6.56%	6.56%
Southwest Gas	NR*	n/a	BBB	6.56%	6.56%
WGL Holdings Inc.	NR*	6.88%	NR*	6.27%	6.58%
	Average =	6.73%	Average =	6.27%	

* NR* (not rated) Industry Average Applied unless otherwise indicated. + or - ratings if not graded rounded up or down accordingly.
2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
<u>FLUID PIPELINES (PF)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
Buckeye Partners	NR*	n/a	BBB	6.56%	6.56%
BP p.l.c.	NR *	6.88%	NR *	6.39%	6.64%
Chevron Corp.	NR *	6.88%	NR *	6.39%	6.64%
ConocoPhillips	NR *	6.88%	A	5.96%	6.42%
Enbridge Energy Partners LLP	Baa	6.65%	BBB	6.56%	6.61%
Magellan Midstream	NR *	n/a	BBB	6.56%	6.56%
Occidental Petroleum	NR *	n/a	A	5.96%	5.96%
Plains All American PL	Baa	6.65%	BBB	6.56%	6.61%
TEPPCO Partners L.P.	Ba	7.36%	BBB	6.56%	6.96%
	Average =	6.88%	Average =	6.39%	
<u>TRANSMISSION PIPELINES (PT)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
Boardwalk Pipeline (Beta: Ind Average)	NR*	6.81%	NR *	7.56%	7.19%
El Paso Corp.	Ba	7.36%	BB	9.38%	8.37%
Enterprise Product Partners	Ba	7.36%	BBB	6.56%	6.96%
Kinder Morgan Energy Partners	Baa	6.65%	BBB	6.56%	6.61%
ONEOK Partners LP	Baa	6.65%	BBB	6.56%	6.61%
Questar Corp.	NR*	6.81%	NR *	7.56%	7.19%
Spectra Energy (Beta: Ind Average)	NR *	6.81%	NR *	7.56%	7.19%
TransCanada Corp.	A	6.19%	NR *	n/a	6.19%
Williams Cos.	Baa	6.65%	BB+	8.76%	7.71%
	Average =	6.81%	Average =	7.56%	
<u>RAILROAD INDUSTRY (RR)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
Burlington Northern	Baa	6.65%	BBB	6.56%	6.61%
CSX Corp.	Baa	6.65%	BBB	6.56%	6.61%
Norfolk Southern	NR *	n/a	BBB	6.56%	6.56%
Union Pacific	Baa	6.65%	BBB	6.56%	6.61%
	Average =	6.65%	Average =	6.56%	

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2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
TELECOMMUNICATIONS COMPANIES: (TL)		MERGENT'S		S & P	AVERAGE
Alaska Communic.	NR *	7.49%	NR *	7.86%	7.68%
AT&T Inc.	A	6.19%	A	5.96%	6.08%
BCE Inc.	NR *	7.49%	NR *	7.86%	7.68%
Cbeyond Inc	NR *	7.49%	NR *	7.86%	7.68%
CenturyTel Inc.	Baa	6.65%	BBB	6.56%	6.61%
Citizens Communic.	NR *	7.49%	BB+	8.76%	8.13%
Embarq Corp. (Beta: Ind Ave)	NR *	7.49%	NR *	7.86%	7.68%
FiberNet Telecom Group Inc	NR *	7.49%	NR *	7.86%	7.68%
Gen'l Communication 'A'	NR *	7.49%	NR *	7.86%	7.68%
Global Crossing	NR *	7.49%	NR *	7.86%	7.68%
Hickory Tech Corp	NR *	7.49%	NR *	7.86%	7.68%
Level 3 Communic.	Caa	11.98%	CCC	11.11%	11.55%
Qwest Communic.	Ba	7.36%	B	10.04%	8.70%
Shenandoah Telecommunications	NR *	7.49%	NR *	7.86%	7.68%
SureWest Communications	NR *	7.49%	NR *	7.86%	7.68%
Time Warner Telecom Inc	Baa	6.65%	BBB	6.56%	6.61%
Verizon Communic.	A	6.19%	A	5.96%	6.08%
	Average	7.49%	Average	7.86%	
RURAL TELEPHONES (TR)		MERGENT'S		S & P	AVERAGE
CenturyTel Inc.	Baa	6.65%	BBB	6.56%	6.61%
Cincinnati Bell	NR *	n/a	BB	9.38%	9.38%
D & E Communications Inc	NR *	7.49%	NR *	7.86%	7.68%
FairPoint Communic.	NR *	7.49%	NR *	7.86%	7.68%
Iowa Telecom. Svcs.	NR *	7.49%	NR *	7.86%	7.68%
New Ulm Telecom Inc	NR *	7.49%	NR *	7.86%	7.68%
NTELOS Holdings Corp	NR *	7.49%	NR *	7.86%	7.68%
Otelco Inc	NR *	7.49%	NR *	7.86%	7.68%
Warwick Valley Tel Co	NR *	7.49%	NR *	7.86%	7.68%
Windstream Corp. (Beta: Ind Average)	Ba	7.36%	NR *	7.86%	7.61%
Average TL Bond Rating applied to Rurals	Average	7.49%	Average	7.86%	

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2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
<u>MOBILE TELEPHONE COMPANIES: (TM)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
AT&T Inc.	A	6.19%	A	5.96%	6.08%
Metro PCS Communic.	NR *	7.49%	NR *	7.86%	7.68%
Sprint Nextel Corp.	Baa	6.65%	BBB	6.56%	6.61%
U.S. Cellular	NR *	n/a	BB+	8.76%	8.76%
Verizon Communic.	A	6.19%	A	5.96%	6.08%
	Average	6.63%	Average	7.02%	
<u>RESELLERS AND VOIP (TX)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
Covista Communications Inc	NR *	7.49%	NR *	7.86%	7.68%
Globetel Communications Corp	NR *	7.49%	NR *	7.86%	7.68%
GoAmerica Inc	NR *	7.49%	NR *	7.86%	7.68%
GTC Telecom Corp	NR *	7.49%	NR *	7.86%	7.68%
IDT Corp.	NR *	7.49%	NR *	7.86%	7.68%
PAETEC Holding Corp.	Caa	11.98%	NR *	n/a	11.98%
Primus Telecom Group	NR *	7.49%	NR *	7.86%	7.68%
Rapid Link Inc	NR *	7.49%	NR *	7.86%	7.68%
Trinsic Inc	NR *	7.49%	NR *	7.86%	7.68%
Ulticom Inc	NR *	7.49%	NR *	7.86%	7.68%
VoIP Inc (Beta Ind ave)	NR *	7.49%	NR *	7.86%	7.68%
Vonage Holdings (Beta Ind ave)	NR *	7.49%	NR *	7.86%	7.68%
WQN Inc	NR *	7.49%	NR *	7.86%	7.68%
Average TL Bond Rating applied to Resellers	=	7.49%	Fixed Based Average	7.86%	

* NR* (not rated) Industry Average Applied unless otherwise indicated. + or - ratings if not graded rounded up or down accordingly.
2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.

BOND RATING AND RATE ANALYSIS FOR TAX YEAR 2008					
	MERGENT'S BOND	2007 YEAR END	STANDARD & POORS (S & P)	2007 YEAR END	BOND RATE
<u>AFFILIATED POWER PRODUCERS (EN)</u>		<u>MERGENT'S</u>		<u>S & P</u>	<u>AVERAGE</u>
AES Corporation	B	8.83%	B	10.04%	9.44%
Dynegy	B	8.83%	B	10.04%	9.44%
Reliant Energy	NR*	8.83%	NR*	10.04%	9.44%
NRG Energy	NR*	n/a	B	10.04%	10.04%
	Average =	8.83%	Average =	10.04%	

* NR* (not rated) Industry Average Applied unless otherwise indicated. + or - ratings if not graded rounded up or down accordingly.
2007 Year End Rate indicated with n/a shows 2007 bond rate applied with the rating that is available.